

## **QUARTERLY REPORT**

**May 1, 2007 to July 31, 2007**

### **Project Title**

***Montana Department of Transportation (MDT)  
Business Market Analysis***

### **Consulting Team**

**Principal Investigator**

*Rick L'Heureux*

**Principal Researcher(s)**

*Blair Hendricks/Emily Taflan*

**Graphic Artist**

*George Darcy*

**Administrative Support**

*Kathy Frank/Emily Taflan*

### **Introduction**

New West Strategies, Inc. was awarded a contract on November 7<sup>th</sup> 2006. The purpose of the contract is to assist the Montana Department of Transportation, in cooperation with the Disadvantaged Business Enterprise (DBE) office, with a study of their educational and contractor outreach programs. As part of their continuous process improvement efforts, this study will be used by MDT to refine its educational and outreach programs; which in turn (it is hoped) will raise the level and quality of contractor participation in MDT sponsored projects.

The contract describes seven specific tasks to be accomplished over the next year. Those tasks begin with a study of current MDT efforts to promote and encourage contractor participation and end with the development of an outreach strategy that will result in greater contractor participation in MDT projects. As proposed, New West Strategies will solicit feedback from both the internal and external community. Based on the information gathered, New West will develop or refine existing educational and outreach programs. Further, New West will complete an analysis to assess environmental factors, internal capacity issues, and potential opportunities that may influence the design of future outreach programs.

Per the contract, the schedule for the project will run approximately 12 months and will bridge two fiscal years. A schedule of performance and project budget was incorporated into the contract. This report will provide the MDT project manager with a report of activity consistent with those performance requirements. Any questions concerning progress and/or performance should be submitted to New West's principal investigator (Dr. Rick L'Heureux) at 495-8111.

## **Project Objective (s)**

The primary objective of this research project is to evaluate MDT's current contractor support service process to determine what changes (if any) can be made to improve the quantity and quality of contractor participation in MDT projects. This study will generate recommendations for process improvements, to include: process efficiencies improvements; MDT acquisition process improvements, external marketing process improvements; and stakeholder education process improvements. Specific project objectives include:

- Critically assess MTD administrative and acquisition process to determine how well they support the specific needs of MTD, the State, and the supporting contractor community
- Critically assess MDT's internal and external communication dynamics to determine how well they facilitate the efficient performance of MTD projects
- Identifying acquisition and project management processes that would improve the level and quality of in-state contractor participation in MTD projects.
- Critically assess MTD's current contractor education programs to determine the effectiveness of these programs for improving potential contractor participation in MTD contracting opportunities.
- Based on the assessment above, develop recommendations for making improvements to contractor education programs and marketing materials that will improve contractor participation in MTD projects.

## **Work Progress**

Work completed during the past quarter focused primarily on activities outlined in Tasks 3.2 Through 3.7. (Reference Attachment 1: MDT Business Analysis Work Breakdown Structure (MDT WBS).

A summary of each activity performed, along with percentage of work completed by task during the past quarter, follows:

- **Task 3.1 – Kickoff Meeting, Literature Review, Enforcement/Compliance Activities**

- 3.1.1.1: Kickoff meeting
- 3.1.1.2: Formative assessment model
- 3.1.1.3: Research survey instruments
- 3.1.1.4: Began research of MDT project activity
- 3.1.1.5: Mid-task meeting
- 3.1.1.6: MDT interviews (100% complete)
- 3.1.1.7: MDT Website evaluation (2 – non-expert tests complete)
- 3.1.1.8: Review government support sites (100%) complete
- 3.1.1.9: Survey research summary
- 3.1.1.10: Draft Survey (100% complete)

***Task 1 represents 19.36% of both the total work effort and budget.***

- **Task 2 – Assessment of Opportunities**

- 3.1.2.1: Prepare analysis methodology (100% complete)
- 3.1.2.2: Data Collection (100% complete)

***Task 2 represents 17.04% of both the total work effort and budget.***

- **Task 3 – Data Collection on work types (current contractors); market assessment; evaluation of project requirements.**
  - 3.1.3.1: Begin analytical design (100% complete)
  - 3.1.3.2: Data collection (100% complete)
  - 3.1.3.3: Analysis of Data (100%)

***Task 3 represents 12.15% of both the total work effort and budget.***

- **Task 4 – Evaluation of Barriers to Entry and other participation obstacles**
  - 3.1.4.1: Prepare analysis methodology (Descriptive) (100%)
  - 3.1.4.2: Data Collection (100%)
  - 3.1.4.4: Interim Summary Report (100%)

***Task 4 represents 12.15% of both the total work effort and budget.***

- **Task 5 – Develop Contractor Assistance Checklist for Submissions and Compliance as it relates to MDT projects**
  - 3.1.5.1: Draft checklist (80%)

***Task 5 represents 7.98% of both the total work effort and budget.***

- **Task 6 – Create new and/or improved tools for recruiting and educating potential DBE companies as well as other new entrants into the MDT provider pool**
  - 3.1.6.1: Research educational tools (10%)

***Task 6 represents 15.19% of both the total work effort and budget.***

- **Task 7 – Develop marketing and education information management strategy that: 1) address material creation and maintenance; 2) tracks distribution of materials; and 3) includes an effectiveness assessment tool to determine the relative impact of these materials on levels of participation.**
  - 3.1.7.1: Research public education strategies (30%)

***Task 7 represents 16.14% of both the total work effort and budget.***

## Issues

The third quarter has been a very productive and encouraging quarter. The team completed Tasks 1-5, which includes analysis of data, market analysis, research on tools, and development of parts of the toolkit. As a result of the progress, NWS anticipates completing the draft stage of the process, i.e., pre MDT/DBE approval, ahead of schedule.

Our analysis of constituent inputs, economic trends, and opportunities suggests that there are many opportunities for those wishing to participate in future MDT and DBE sponsored activities. The research also suggests this optimism is heavily influenced by world and national events. The Northwest and Montana in particular are enjoying a moderate growth economy. Renewed interest in energy development, developing regional information technology capabilities, and changes in agricultural products are creating an atmosphere of optimism, growth in Montana's metropolitan areas, and the introduction of new industries into Montana. More importantly, Congressional support for improving the reliability and security of the transportation infrastructure including a renewed vigor for upgrading major domestic ground transportation is improving the

stability of the future transportation market. However, determining who and when opportunities will present themselves is a little difficult.

The opportunity for full spectrum market participation is certainly apparent. As these opportunities mature, so will the competition to participate. Smaller and emerging firms face specific and unique challenges to entry, which makes predicting the extent of their participation more difficult. Barriers to entry, i.e., heavy capital investments, thin project management resources, challenging government acquisition regulations, and the ability to secure the necessary project financing and bonding are real and significant. Assisting small and emerging business overcome these barriers can and will provide an opportunity for MDT and DBE to improve their participation levels through improved assistance programs in these areas.

Brand management, image focusing, increased participation in business associations, and tailored presentation products could have an immediate impact on the participation of Montana businesses in regional transportation projects. The limitations in internal MDT/DBE resources can be mitigated with greater cooperation between state agencies. Strategic marketing design, the development of assistance products, and encouraging cooperation between state acquisition activities will have a significant impact on the effectiveness of existing and future government marketing efforts.

## **Major Accomplishments or Discoveries**

- Market analysis was completed
- Draft report was completed
- Recommendations for improvement were identified and will be used to develop the strategy and toolkits.
- Began developing specific marketing aids, i.e., contractor checklists, promotional strategies, and other marketing materials based on research accomplished.
- Began developing the graphic designs to be used to help assist in brand management.

## Work Projection

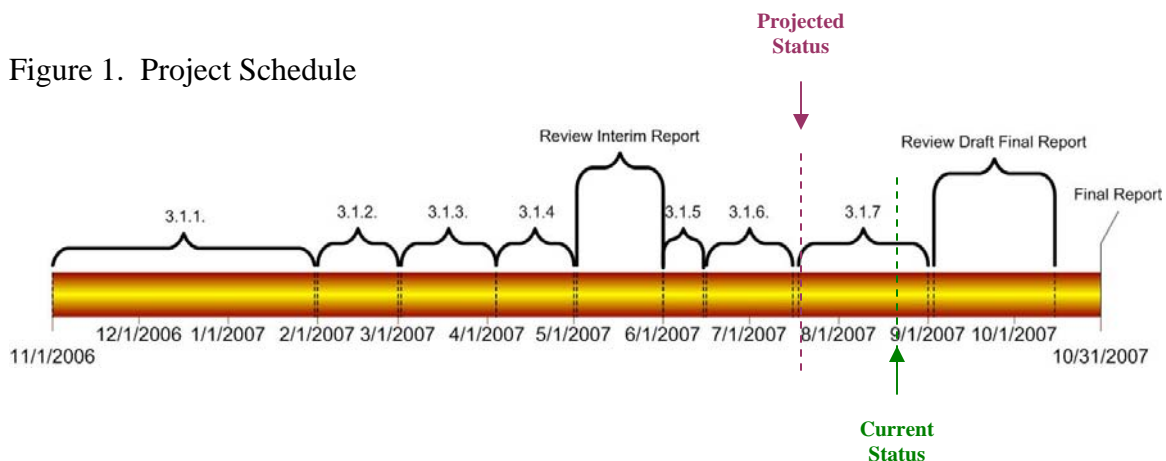
During the next quarter ending October 31, 2007 we plan to perform the following activities:

- Complete and submit Draft Market Analysis for MDT/DBE review;
- Complete and submit marketing “toolkit” for MDT/DBE review;
- Conduct final project report and submit draft for MDT/DBE review; and
- Conduct final project review meeting, which will include a presentation of results to the MDT/DBE oversight committee.
- Integrate the committee recommendations and provide MDT/DBE with the final project deliverables.

## Schedule

The study is ahead of the proposed schedule. (See discussion above and timeline below)  
All tasks will be completed within or ahead of the time scheduled.

Figure 1. Project Schedule



## Budget

The project budget identified roughly **\$30,572.72** for the third quarter of the research plan and **\$18,019.28** has been invoiced with an additional \$6,276.72 to be invoiced at the end of this quarter. The total budget through the first three quarters of the research plan totals \$71,506.96. To date, the research team has expended roughly **92% of budget** of the total amount budgeted (Table 1).

**Table 1: Budget Summary**

## Project Budget: Bill Rate By Month

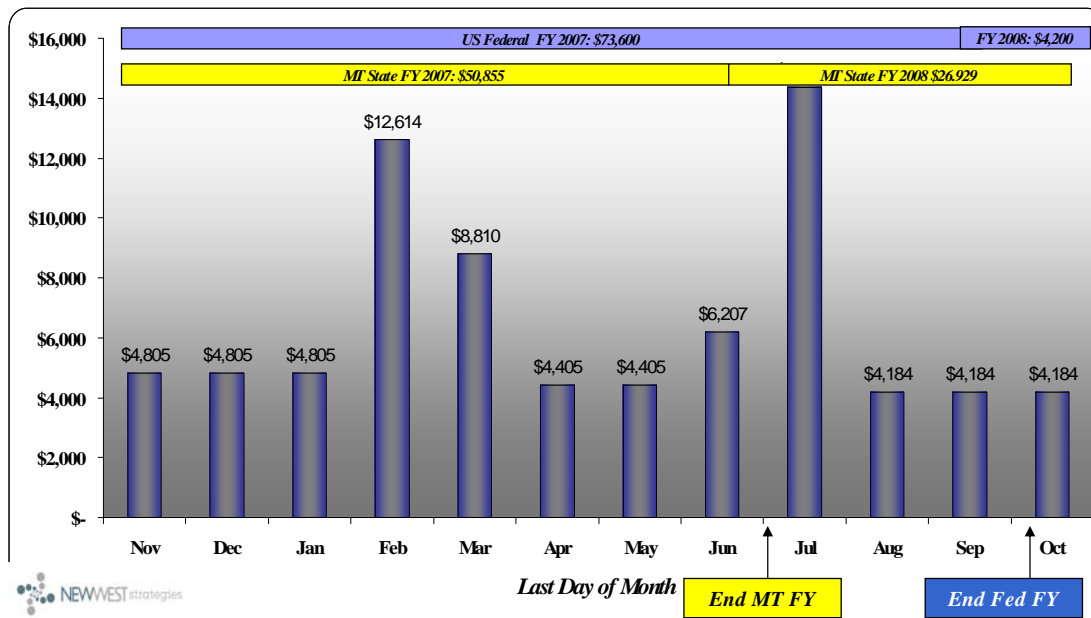


Table 1 presents an analysis of the project budget, including the total project budget, total invoiced through December 31, 2006, the remainder of the project budget, total expenditures through SFY and FFY 2007 and projected expenditures through SFY 2008. Costs for Tasks 1-4 will be incurred in the State of Montana's FY 07 (July 1, 2006 – June 30, 2007). Costs for Tasks 5-7 will carry into the State of Montana's FY 08 (July 1, 2007 – June 30, 2008.) As shown, to date **87.8%** (with another **4.2%** to be billed on January 31, 2007) has been expended of the budget for the entire project, leaving a remaining balance of **8% after the July expenditure**. The remaining budget is sufficient to complete the remaining subtask and task work complete.



## Attachment

### MDT Project – Work Breakdown Structure

WBS			Task	Lead	Due Date
3.1.			<i>Project 8187 – DOT Study</i>	<i>Rick/Kathie/Emily/George</i>	<i>August 2007</i>
	3.1.1		<b>Complete background study, literature review</b>	<b>Rick/Kathie/George/Emily</b>	<b>Feb 2007</b>
		3.1.1.1	Kick off meeting	Rick/Kathie/George	Nov 14, 2006
		3.1.1.2	Prepare Formative Assessment module	Rick	Dec 1, 2006
		3.1.1.3.	Research Survey Instruments	Kathie/Emily	Dec 15, 2006
		3.1.1.4.	Research MDT Project Activity	Kathie	Dec 22, 2007
		3.1.1.5.	Mid-activity meeting	Rick/Kathie/Emily	Dec 20, 2006
		3.1.1.6.	Meet with MDT representatives to discuss process	Kathie/Emily	Jan 15, 2007 (requires MDT assistance)
		3.1.1.7.	MDT Site Assessment (New site visitor)	Emily	Jan 5, 2007
		3.1.1.8	Audit SBA, FBO, FirstGov, DOT, DOT	Emily	Jan 8, 2007
		3.1.1.9	Summary Report on Survey instruments	Kathie/Emily	Jan 8, 2007
		3.1.1.10	Draft Survey	Rick	Jan 15, 2007
	3.1.2		<b>Analysis of Opportunities</b>	<b>Rick/Kathie/George/Emily</b>	<b>March 28, 2007</b>
		3.1.2.1	Prepare analysis methodology (Descriptive)	Rick	March 15, 2007
		3.1.2.2	Data Collection (See 3.1.1.4)	Rick/Kathie	March 21, 2007
		3.1.2.3	Analysis of Data	Rick	March 22, 2007

WBS		Task	Lead	Due Date
	<b>3.1.2.4</b>	Interim Summary Report	Rick/Emily	Feb 22, 2007
<b>3.1.3</b>		<b>Analysis of Work Types &amp; Competition Analysis</b>	<b>Rick/Kathie/George/Emily</b>	<b>March 31, 2007</b>
	<b>3.1.3.1</b>	Prepare analysis methodology (Descriptive)	Rick	March 10, 2007
	<b>3.1.3.2</b>	Data Collection (See 3.1.1.4)	Rick/Kathie	March 17, 2007
	<b>3.1.3.3</b>	Analysis of Data	Rick	March 22, 2007
	<b>3.1.3.4</b>	Interim Summary Report	Rick/Emily	March 22, 2007
<b>3.1.4</b>		<b>Analysis of Barriers to Entry/Participation</b>	<b>Rick/Kathie/Emily</b>	<b>June 30, 2007</b>
	<b>3.1.4.1</b>	Prepare analysis methodology (Descriptive)	Rick	June 10, 2007
	<b>3.1.4.2</b>	Data Collection (See 3.1.1.4)	Rick/Kathie	June 17, 2007
	<b>3.1.4.3</b>	Analysis of Data	Rick	June 22, 2007
	<b>3.1.4.4</b>	Interim Summary Report	Rick/Emily	June 22, 2007
<b>3.1.5</b>		<b>Develop a checklist for contractors to improve chances of success</b>	<b>Rick/Kathie/George/Emily</b>	<b>August 31, 2007</b>
	<b>3.1.5.1.</b>	Research Draft checklist	Rick	May 1, 2007
	<b>3.1.5.2.</b>	Solicit feedback from MDT panel	Rick/Kathie	May 7, 2007
	<b>3.1.5.3.</b>	Integrate MDT feedback and finalize content	Rick	May 15, 2007
	<b>3.1.5.4</b>	Format and complete graphics work	George	August 31, 2007
<b>3.1.6.</b>		<b>Develop educational tools to assist current</b>	<b>Rick/Kathie/George/Emily</b>	<b>August 31, 2007</b>

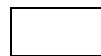
WBS		Task	Lead	Due Date
		<b>and potential DBE companies wishing to participate in MDT projects</b>		
	<b>3.1.6.1.</b>	Research comparable educational materials	Kathie	June 1-15, 2007
	<b>3.1.6.2.</b>	Select most promising tools	Rick	June 15, 2007
	<b>3.1.6.3.</b>	Draft educational tool content	Rick	Sept 1, 2007
	<b>3.1.6.4.</b>	Test group review of materials	Rick/Kathie	Sept 15, 2007
	<b>3.1.6.5.</b>	Format and complete graphics work	George	Sept 30, 2007
<b>3.1.7</b>		<b>Develop a public information/education strategy that will effectively (measurably) increase contractor participation in MDT projects</b>	<b>Rick/Kathie/George/Emily</b>	<b>October, 2007 (Subject to MDT approval)</b>
	<b>3.1.7.1.</b>	Research public education strategies	Kathie	August 31, 2007
	<b>3.1.7.2.</b>	Research performance metrics for educational material	Rick/Kathie	Sept 7, 2007
	<b>3.1.7.3.</b>	Develop educational material	Rick	Sept 15, 2007
	<b>3.1.7.4.</b>	Develop evaluation methodology	Rick	Sept 31, 2007
	<b>3.1.5.1.</b>	Finish strategy	Rick	Oct 1, 2007
	<b>3.1.5.2.</b>	Format and complete graphics work	George	October 7, 2007



Completed



Begun (10% or more complete)



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